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THE Agricultural Situation

JULY 1952

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A Letter

TO CROP REPORTERS

THIS business of crop and livestock reporting is just like running a farm, only more so. We don't ever get to the place where our crop is "laid by." And "big August" just doesn't mean a thing in our lives.

Maybe you don't realize it, but somewhere in this big farm—the United States—there is always someone who is planting or harvesting a crop. Just imagine how tough it is to keep track of what is going on, even in one crop. Take cotton—now that is produced only in the South and Southwest—you may say that this is one of those specialized things that should be fairly easy to follow. But take another look. The cotton country spreads all the way from the Atlantic to the Pacific with all the variations in the soil, climate, and production practices that exist in that wide expanse. Even in one State, Texas, they are picking cotton in the Lower Valley while they are still planting in the High Plains area of the northern part of the State.

Think about the wheat crop for a minute. Here we break it down into winter and spring, but even with the winter wheat there is a lot of variation from Texas to Montana, and from the Pacific Northwest to Pennsylvania. Potatoes—there's another tough one. Every State produces some potatoes. The southern early crop is all harvested, and sold, before planting is done in the northern States.

Well, I could go on like this for some time. But the point is, that we in the Crop and Livestock Reporting Service are supposed to give you and the country an estimate of total prospects periodically throughout the season, and then estimate total production when the "frost is on the pumpkin and the fodder's in the shock." Yes, and we are supposed to make our estimates for all of the crops grown under varied conditions from North to South and East to West. And some people seem to think we should be able to get the report out overnight.

Did you take a look at the June report? Your report helped to make it—I hope. This is one of the smaller reports, but the elapsed time between your filling out the schedule and the release of that report was just 10 days. And that's the way it goes every month.

Try to visualize the job involved in summarizing some 75 to 80 thousand reports from farmers each month and getting out a report like that covering all the different crops in just 10 days. Mostly it requires 3 days just for mail time. Not many people do think about it. In fact, I believe a good many take this service pretty much for granted. It wouldn't be possible unless

our team—you and we—worked together pretty closely.

I get pretty hot under the collar, just like one of our good farmer-reporters down in Virginia, when some people begin to suggest that our farmer-reporters don't know what they are talking about. I wish they could see the envy with which some other countries look upon the Crop and Livestock Reporting Service that we have. Of course, our type of service is dependent upon the intelligent, enlightened farmers that constitute the backbone of the reporting service.

S. R. Newell, Chairman
Crop Reporting Board, BAE

Outlook Highlights

. . . July 1952

APICK-UP in business activity was noted during the April-June quarter. Heavy spending by consumers, business men, and the government, supported a high level of demand for most goods and services. New construction outlays first 5 months of this year totaled about 3 percent larger than a year earlier; public construction expenditures were up 25 percent . . . Investment plans of business men for the second quarter indicate a rise from the first quarter of about 14 percent in spending for new plant and equipment . . . Total civilian employment rose to 61.2 million in May compared with 60.1 million previous month.

Farm Receipts Up—Larger Marketings

The estimated quantity of farm products marketed during the second quarter of this year is about 6 percent above last year. Although prices were down somewhat from a year earlier, cash receipts were approximately 2 percent larger. Prices paid by farmers in the April-June quarter for items used in farm production, interest, taxes, and farm wages averaged about 3 percent above a year earlier.

Parity ratio was slightly more favorable to farmers in June than in May, having risen from 101 to 102.

Livestock and Meat

Total livestock slaughter and meat production in the second half of 1952 probably will be about the same as last year with continued strength in meat animal prices. Prices for fed cattle may increase in early fall. Grass cattle prices are expected to decrease seasonally near the end of the grazing season. A seasonal peak in hog prices may be reached in late summer or early fall at or near ceilings . . . Spring pig crop was 9 percent smaller than in 1951, with 11 percent fewer sows farrowing. Prices for

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Farm Output Could Be Upped A Fifth, Study Shows

IN AN ECONOMY geared to high-level production and with average weather, U. S. farmers in 1955 could produce about one fifth more—both of crops and livestock—than the total produced in 1950. This is the estimate made as a result of a Nation-wide productive capacity study.



In each of the 48 States a productive capacity committee was appointed by *State Experiment Station* directors. These committees worked under the direction of a joint committee representing the *Land Grant Colleges* and the *U. S. Department of Agriculture*. A full report entitled "Agriculture's Capacity to Produce" will be available from the *Bureau of Agricultural Economics, USDA, Washington*.



The appraisal was made on the assumption that there would be need for all the production our farmers could turn out in an economy geared to high-level production. The estimates are not forecasts of what farmers will do, rather they are "estimates of the production levels that farmers *could attain* within the next 4 or 5 years, if favorable conditions for high-level production should prevail throughout that period."

Better Farming, More Fertilizer and Machinery

Most of the "attainable" increase in production would be made possible by wider adoption of improved farming practices, and from greater use of fertilizer and machinery. Labor and total land requirements would remain substantially the same as in 1951. A little larger proportion of the available acreage, however, would have to be planted to crops . . . made possible by planting 11 million acres of the better cropland that lay idle in 1951. This would result in only 3 percent increase in the acreage planted to crops.

A higher-level diet would be provided through more emphasis on livestock and livestock products. Total production of meat, including poultry, would

increase from 178 pounds per capita in 1951 to 199 pounds per capita for the population expected by 1955. Grassland and conservation systems of farming would be encouraged in all parts of the country through a shift from intertilled to close-growing and sod crops.

Big Increases in the South—Feed and Livestock, a Major Portion

The greatest production increases attainable by 1955 are in the South, where both recent research and farm testing indicate large increases are possible from such improved practices as heavy nitrogen fertilization of corn and pasture improvement for year-round grazing. Total farm output in the South could be one-fourth greater in 1955 than in 1951, compared with the 16-percent increase attainable in the North Central Region, 13 percent in the Mountain, and 9 percent in the Northeast and Pacific regions.

Around 44 percent of the potential increase in total output could be contributed by the South, 41 percent by the North Central region, and about 5 percent each by the Northeast, Mountain, and Pacific regions.

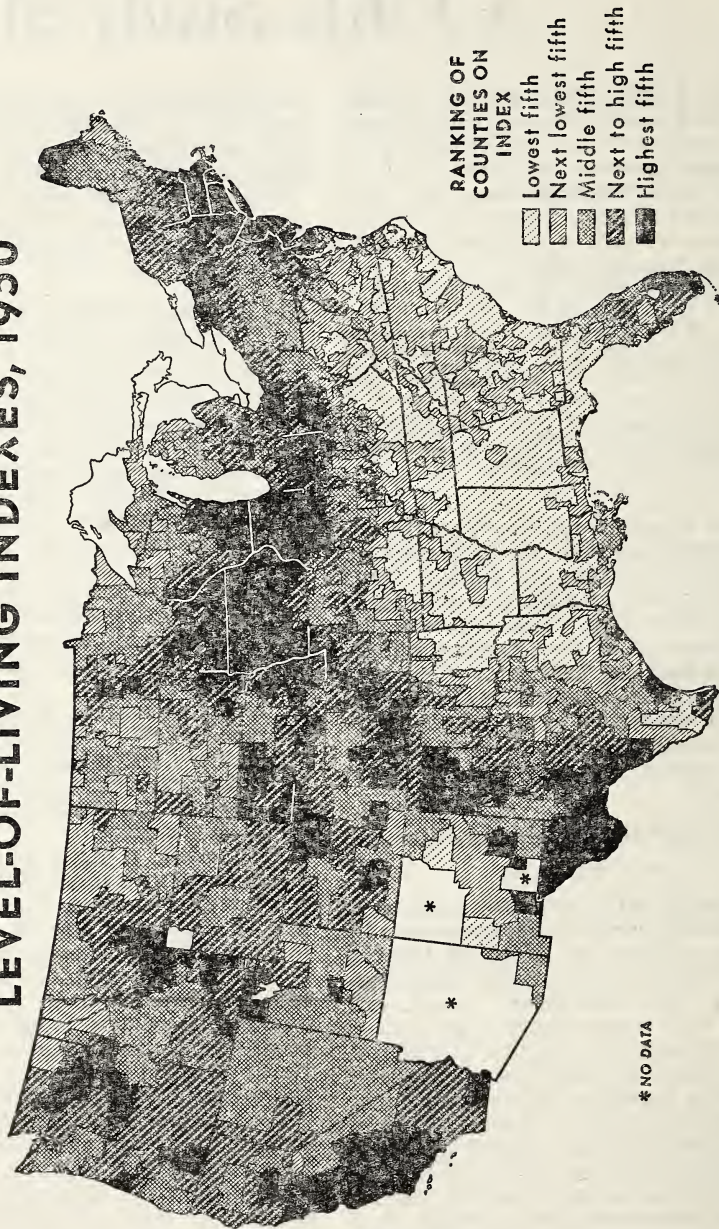
Production of feed and livestock would make up a major portion of the increased production in all regions, and 58 percent of the increased production for the country as a whole. It would represent about half of the increased production in the Southern and Pacific regions, from three-fifths to two-thirds in the Northeastern and North Central regions, and nearly three-fourths in the Mountain region.

Food grains would represent about 15 percent of the attainable increase between 1951 and 1955 for the Nation as a whole; fruit, truck, and vegetable crops, 9 percent; and cotton about 5 percent.

Costs would be important factors in achieving the 1955 attainable levels

(Continued on page 16)

FARM-OPERATOR FAMILY LEVEL-OF-LIVING INDEXES, 1950




Farm Operator Families are Living Better, Report Shows

ON THE AVERAGE, families of farm operators in the United States boosted their level of living by nearly a fourth during the years 1945-50. From 1940 to 1950 the rise was 54 percent. 'These figures are taken from the report, "Farm Operator Family Level-of-Living Indexes" released recently by the Bureau of Agricultural Economics.

The new BAE indexes, issued for States and counties, are comparable with those published in May 1947 covering the 1940-45 period and bring the information up to date.

The author of the study is *Margaret Jarman Hagood* of BAE. County data are based on the U. S. Census of Agriculture, from which indexes are worked out for 1930, 1940, 1945 and 1950 in detail.



A GLANCE AT THE MAP on the opposite page will enable you to estimate how well farmers—on the average—live in a particular area as compared with those in other areas.

Farmers in the areas shaded black apparently live unusually well; counties in these areas rank among the highest fifth in the country. Those living in the light dotted areas, on the other hand, are in counties rated the lowest fifth. Or you may find that your county is ranked in the middle group—diamond hatched; or in one of the in-between groups.

Remember, however, that just because you happen to live in one of the "lowest-fifth" counties doesn't necessarily mean that your own living standard is low. For your standard may be above the average in your county. Even the average family in the "lowest-fifth" category doesn't necessarily have a poor standard as compared with world standards. It is low only as compared with the standard of farmers in the rest of the country. The U. S. as a whole, of course, has a very high average when compared with the living standards of farmers in many other countries of the world.

FOUR ITEMS ARE THE BASIS for determining the level-of-living indexes. They are percentages of farms with electricity, with telephones, with automobiles; and the average farm value of products sold or traded in the year before the census. For the latter item, an adjustment had to be made, of course, for changes in the purchasing power of the farmer's dollar.

The 4 items selected do not cover all the goods, services, and other satisfactions that make up the level of living of families. However, many studies have shown that the various items are closely associated. For example, farmhouses with electricity are more likely to have other household facilities and conveniences than those without electricity. Farms with high gross incomes are obviously likely to have more income available for family living expenditures than farms with low gross incomes. And farm families with automobiles are more likely to be able to take advantage of various services located away from the farm.

For each of the periods covered in the report (1930-40, 1940-45, and 1945-50), the increase in electricity had the most to do with raising the level-of-living index. The proportion of farms using electricity increased from 13 percent in 1930 to 33 percent in 1940, to 48 percent in 1945, and 78 percent in 1950. Except for telephones, which decreased in the 1930-to-1940 decade, all of the four items contributed to the rise in the index in each of the periods. Farms with automobiles increased from 58 percent in 1940 to 62 percent in 1945, and nearly 62½ percent in 1950.

From 1940 to 1950, the rise in the level of living of farm people was generally more rapid in the areas of rapid mechanization.

Every State and almost all counties showed gains in average living levels of farm families between 1945 and '50.

Indexes computed in this study also show a general upward trend in farm operator living levels between 1930

5 Million Farms and 5 Million Business Firms by 1970

Five Farms to 1 Firm in 1860 Now Near 1 to 1 Ratio

THE CHANGING balance between agriculture and industry shows up in many ways: in a declining ratio of farm to nonfarm population, a declining farm share in the Nation's manpower, and a declining farm share in the national income and in domestic and foreign trade. It shows up also in the changing relation of the number of farms and business firms in operation. We entered the decade of the 1950's with 5.4 million farms and 4 million "going" business firms. Over the next 15 to 20 years we are likely to see another moderate reduction in the number of farms and a noticeable increase in the number of business firms.

(Continued from page 5)

and 1950 everywhere in the country. Even during the 1930-40 era of severe depression, the only decrease noted was in the North Central region. "Drought and dust storms experienced in these areas in the mid-1930's were so severe that it is surprising that the general decline of this index was only from 107 to 100 points," it is observed.

With the United States 1945 county average index at 100 as the base, the average 1950 regional county indexes given in the report are: Northeast, 152 percent; North Central, 147; Southern, 92; and Western, 145 percent.

The report recognizes that the rise in rural living indexes is merely part of the national picture. Although no comparable measure for nonfarm families is available, it is pointed out that the national purchasing power—based on per capita disposable income after taxes—rose one-third from 1940 to 1950, and more than 50 percent from 1930 to 1950.

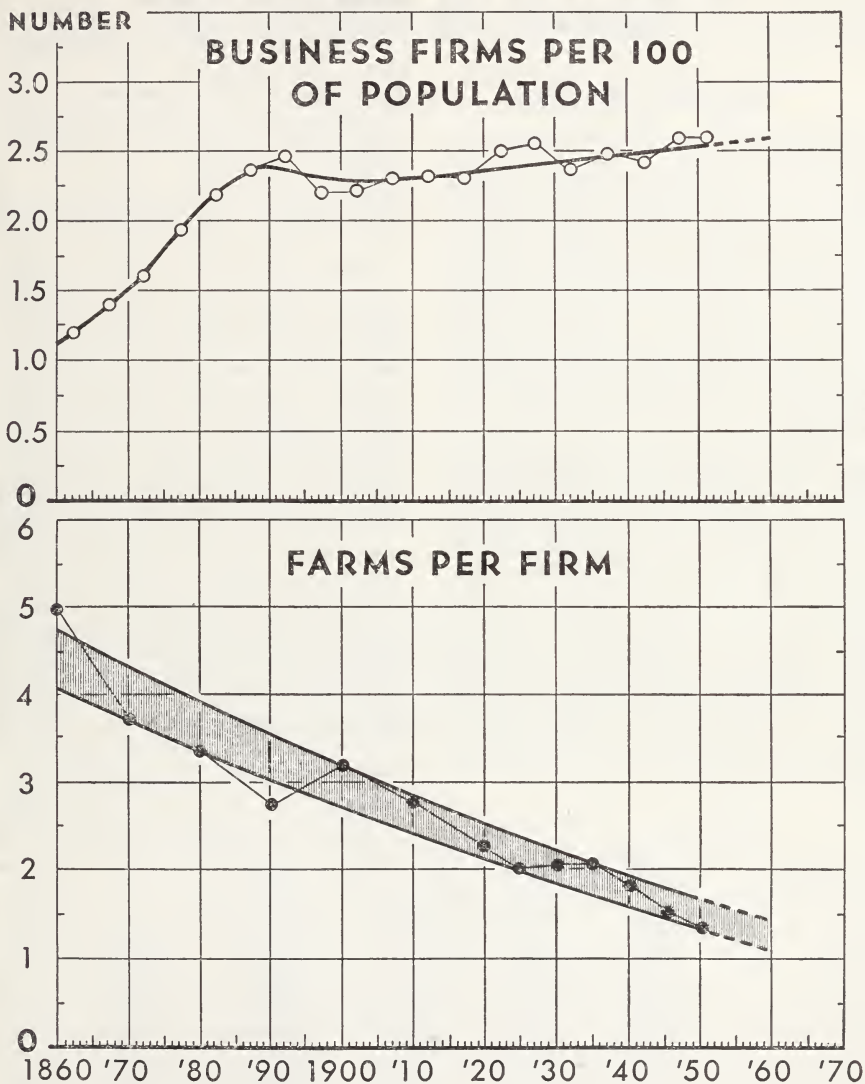
This does not mean that we are going to eat less. Rather it means a continued increase in the size of farms, in output per farm, per man, per acre and per animal, and a combined increase in production sufficient to care for food requirements of our growing population. While the increased output will come from fewer farms and, possibly, from fewer persons working in agriculture, the continued increase in total population will provide more opportunities in commerce and industry for enterprising persons.

The 4 million business firms operating today represent about 2.6 firms for every 100 persons in the total population. This proportion has been relatively stable over the past 50 years. From 1860 to 1890, the ratio of firms per 100 of the population rose from 1.2 to 2.46. The depression of the 1890's lowered that proportion to 2.2, but the prosperity years of the late twenties brought it up again to 2.55 and, after the setback in the depression of the early 1930's, the last 3 years recorded a new high.

The rise in the ratios for three prosperity periods, from 2.46 in 1890 to 2.55 in 1929 and 2.66 in 1949, indicates that the number of surviving business enterprises tends to rise somewhat more than total population. As we approach a national population of 190 million by 1970, with the most recent ratios prevailing we will have 5 million firms in operation—an increase of 25 percent over the present total. See chart, next page.

The number of farms, accompanying this trend in nonfarm enterprises, is suggested by the relationship of farms to firms prevailing over the past 90 years. In 1860 we had around 2 million farms and only about 400,000 business firms, or 5 farms for each firm. This proportion has declined over the

TRENDS IN NUMBER OF FARMS AND BUSINESS FIRMS



U. S. DEPARTMENT OF AGRICULTURE

NEG. B-48499

past 9 decades so that 5,382,000 farms in operation in 1950 represent only 1.35 farms for every business firm. A continuation of this trend would mean a ratio of about 1 to 1 by 1970—5 million firms, 5 million farms, or a changed

balance from 5 farms per 1 business enterprise in 1860 to 1 farm for each business enterprise in 1970!

Louis H. Bean
Office of the Secretary, USDA

All-Risk Crop Insurance

Protecting Farmers Against Unexpected Hazards

A FARMER'S best laid plans can be upset by a short crop. Except possibly for hail damage, short crops are usually the result of losses which are not insurable through private insurance companies. This is where the all-risk crop insurance of the Federal Crop Insurance Corporation comes into play . . . a program that was started with certain limitations but one that is reaching more and more farmers as experience is gained in a new field.

Drought, frost, insects, and disease are more serious crop hazards than hail. A number of private companies have attempted to insure farmers' incomes against all unavoidable risks to their crops. But these attempts failed, mostly because of the decline in farm prices that followed World War I. Since 1933, the commodity loan and price support programs of the Federal Government have provided some protection against falling prices. Losses from drought and other yield hazards, on the other hand, are not protected by the price supports.

Difficult to Cover

The possibility of widespread losses, as occurred in the drought years of '34 and '36, makes all-risk insurance an unattractive field for private companies. It has not been an easy field to cover. Even the Government, when it undertook to set up all-risk insurance, found it advisable to start in a limited way and to broaden the program gradually, in the light of experience.

In 1938 Congress passed a law whereby the Federal Crop Insurance Corporation was established to develop a system of all-risk crop insurance. In order to avoid the earlier difficulties it was decided to insure only production, not price. Almost all risks were

to be insured except those resulting from a poor job of farming. Recognizing the many difficulties and also the public benefits, Congress appropriated money for operating costs. But it was expected that premiums should be enough to pay losses in the long run.

Wheat was the first crop insured in 1939, and cotton was added in 1942. By the end of 1943 losses had exceeded premiums on both crops in every year of operation and Congress decided to end the experiment.

☆☆☆
Mr. Ellickson had an article on *Hail Insurance*
in the May issue of *The Agricultural Situation*.
☆☆☆

No insurance was offered in 1944, but the demand for this kind of protection was so great that a revised and improved program was begun in 1945. Flax was added to the crops covered, and insurance on corn and tobacco was tried in a few counties. The experience for the next 3 years was better. Every year premiums exceeded losses on wheat and tobacco. But the deficits on cotton continued.

Congress again changed the law. The program was limited to about 400 counties in 1948 but more counties were added in later years. The amount of insurance coverage per acre was also limited to the average cost of producing the crop in the area. Authority was given to experiment with different plans of insurance and on additional crops. Dry edible beans were first insured in 1948 and citrus in 1951.

Experience had shown that losses and premium costs to the farmer could be kept at a reasonable level only by reducing the amount of insurance coverage per acre. Coverage was reduced from 75 percent of the average yield down to the average investment in the crop. The coverage was also decreased early in the season, before additional expenses were incurred for cultivating, spraying, or harvesting the crop. The regular premium rates were increased or reduced when experience in a county indicated that this was necessary. In addition, when premiums exceed losses over a period of years—so that a reserve is accumulated equal to the largest loss which reasonably could be expected in the county—premiums are reduced by 30

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Marketing Costs Big Part of Increased Food Costs

Farmer's Share of Food Dollar Down From Last Year

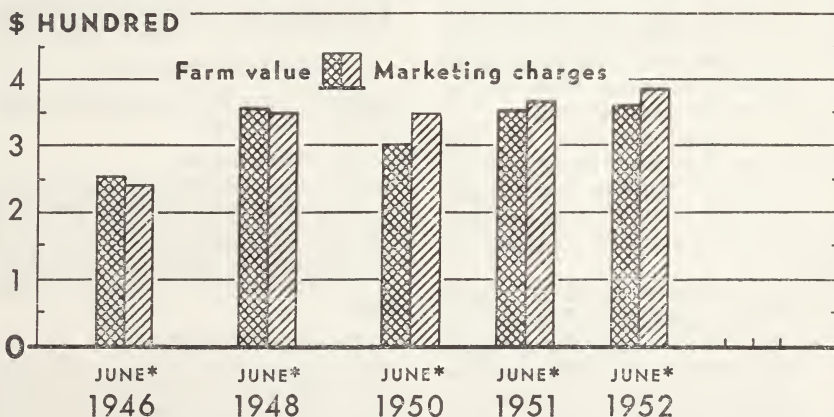
COSTS of marketing farm foods have gone up about 5 percent during the past year. And this rise in marketing costs accounts for the biggest part of the increase in retail prices of food during the past 12 months.

Since February 1951, when the farmer's share of the consumer's food dollar was 51 cents, farm prices have declined while marketing costs have continued to increase. As a result, the farmer's share in June this year had dropped to 48 cents. This is equal to the annual averages for 1949 and 1950 but below the average for all other years since 1942.

Trends in farm prices and marketing costs in the 2 years since the outbreak in Korea have followed the patterns seen in other periods of general price inflation. Farm prices of food products rose quite rapidly during the early part of this period, so that most of the increase in retail prices was reflected in higher farm prices. Farm prices this year, however, are expected to average slightly below last year. Marketing costs, being less flexible than farm prices, rose more slowly but are continuing to rise at the present time. Recent increases in freight rates and higher wage rates indicate that marketing costs will continue to increase during this year.

Farm Food in Market Basket

HOW FARMERS AND MARKETING SYSTEM SHARE RETAIL COST



DATA ARE FOR ANNUAL PURCHASES OF FAMILY OF 3 AVERAGE CONSUMERS, BASED ON 1935-39 PATTERN OF FOOD CONSUMPTION
*ANNUAL RATE

Postwar Trends in Prices and Marketing Costs

In June 1952, a family "market basket"—the average quantity of farm food products bought each year by an average family of three—cost a record \$750 at retail. This was \$97 or 14 percent higher than in June 1950. However, the increase in food prices since Korea represents only slightly more than a third of the total rise since the end of World War II price controls. The retail cost of the market-basket foods in June 1946 (the last month of OPA) equaled \$481.

The accompanying chart shows how farm prices and marketing costs have varied since June 1946. Although the farm value of the market-basket foods has risen more in the Korea period than the charges for marketing these foods, the over-all increase since June 1946 is less than that for marketing charges. Increases in farm prices since Korea have about offset the decline in farm prices that took place from mid-1948 through early 1950. Percentagewise the rise in farm prices of food products from June 1946 to June 1952 averaged about 40 percent; the increase in marketing costs 60 percent.

Labor is the largest single item in the total cost of marketing farm products. Estimates indicate that labor accounts for about half of the total cost of marketing farm food products. Wage rates of food marketing employees in mid-1952 averaged almost 60 percent above the June 1946 levels. This increase was about equal to the over-all rise in marketing costs.

Eleven general increases in rail freight rates have been authorized by the Interstate Commerce Commission since June 1946. The average increase in freight rates amounts to about 80 percent.

Postwar increases in farm prices have been accompanied by even larger increases in the costs of things farmers buy. The index of production costs in June this year was 44 percent above the June 1946 level compared with an increase of about 40 percent in prices received by farmers for food products. The increase in the over-all parity in-

dex including wage rates, interest, and taxes equaled 42 percent.

No Decline in Marketing Costs Likely

If there are any declines in retail prices of food during the next year, they are more likely to be reflected in lower farm prices than in lower marketing costs. Marketing charges have either increased or remained steady for each year since the beginning of World War II. For example, average marketing charges for each year from 1948 through 1950 were practically unchanged although retail prices in 1949 and 1950 averaged about 7 percent below 1948.

Hourly earnings of employees in food marketing are about 13 percent above June 1950 (pre-Korea). In general, the rise in wage rates during recent months has been less rapid than at the end of 1950. However, wage rates have gone steadily upward since the end of World War II and no declines can be expected in the near future.

Transportation rates for both rail and truck are higher than a year ago. The latest increase in rail rates granted by the Interstate Commerce Commission in April resulted in a total increase of almost 15 percent since April 1, 1951.

Kenneth E. Ogren
Bureau of Agricultural Economics

Outlook Highlights

(Continued from page 2)

lambs will likely decrease seasonally with large fall marketings.

Dairy and Poultry Outlook

Prices received by farmers for milk and butterfat, after having passed the usual seasonal low point will rise about seasonally to late fall or winter peaks . . . Egg prices rose seasonally in June, but at month's end continued far below the levels of a year earlier.

Little Change in Tobacco Prices

The average price for the flue-cured tobacco crop is not expected to be very different from the 52.4 cents per pound that farmers averaged for the 1951 crop; domestic demand will continue strong but export demand is likely to be weaker.

(Continued on page 14)

All-Risk Crop Insurance

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percent for all farmers who have been insured. This reduced rate is continued as long as the county maintains its reserve. A total of 146 counties received this premium discount for the 1952 crop season. But if total losses are considerably more than premiums in a county, the rate is increased, sometimes as much as 30 percent. This year there are 51 counties in which the premium rate has been increased because of excessive deficits.

Lower Premiums With "Multiple" Policy

In the early years of the program, all-risk insurance was used to cover individual crops. In 1948 a "multiple-crop" policy was first offered in a few counties. This new policy covered most of the crops usually grown. Under this policy, the *total investment* in all insurable crops on the farm was covered as a unit. Even if one or two crops failed, the others might produce enough to equal the insurance and no loss payment would be necessary. Therefore lower premiums could be charged.

As an incentive for good farming practices, any farmer who insures for seven consecutive years without a loss receives a premium discount of 25 percent; and a 50 percent premium discount is allowed each farmer whose premium reserve (premiums minus losses) is greater than the amount of his insurance. These provisions, together with the continuous contract used on most crops, helps to reduce operating costs and the number of "in and outers" who buy insurance only when they expect a poor crop.

The premiums usually become due after the crop is harvested, but a cash discount of 5 percent is allowed for early payment.

By means of these devices, a farmer who has had favorable crops and who lives in a county fortunate enough to have had only small losses can buy his insurance for much less than the initial rate. On the other hand, some farmers and some areas are ruled as extra-hazardous and are therefore ineligible for insurance.

Twelve years' experience with all-risk crop insurance has shown that unexpected crop losses can and do occur in any county. Many counties in which the risk of loss was considered low have failed to build up reserves. In others, in which the risk was considered very high, large reserves have been accumulated because of a succession of good crop years. But in most of these counties the entire reserve could be paid out on one poor crop. Flax is generally considered to be a high-risk crop, yet losses have been less than premiums in 6 out of 7 years. On the other hand, losses on corn have been greater than premiums in 4 out of 7 years.

From 1948 to 1951 about 2 million dollars more in premiums were collected than were paid out for losses on all types of contracts combined, so all-risk insurance now appears to be functioning as intended.

The Federal Crop Insurance Corporation is authorized by law to reinsure any company that attempts to provide crop insurance, but no such agreements have been reached.

This year about a third of a million farmers in about 800 counties will be insured under Federal crop insurance. The average coverage is a little more than \$1,000 each.

More insurance is now carried on wheat than on any other crop, with tobacco and multiple crop insurance about tied for second place. The multiple crop program has grown rapidly since it was started in 1948, and it may be the leader within a few years.

Insurance is more necessary now than it was a generation ago. The cost of modern equipment is higher and unit operating costs have increased.

The pioneer farmer tightened his belt when crops were poor or times were hard, but in a cash economy there are many expenses that cannot be reduced. If crops fail, a farmer with limited capital might not be able to continue farming. Crop insurance fills the gap . . . helps to assure a return on the farmer's investment and makes it easier for him to get credit for the next year's operation.

John C. Ellickson
Bureau of Agricultural Economics

Dairy Balance in the West

Production and Consumption Now, and What the Situation May Be in 1960

BEFORE 1930 the total dairy production in the region made up of Washington, Oregon, Idaho, Utah, Nevada, California, and Arizona teetered between a surplus and a deficit for use within the region. When supply exceeded local demand, the surplus was shipped in the form of butter to Midwestern or Eastern markets, and butter prices in the West dropped below those on the Midwest market by several cents a pound. When the local supply fell short, butter was shipped in and local prices rose above those in the Midwest by about the per unit cost for transportation and handling of the supplemental supply.

This condition prevailed at intervals during the 1930's and still hung as a threat over the Western dairy industry at the beginning of the 1940's. But large new irrigation projects were under way and it was thought that the additional dairy production from newly irrigated lands would again put the region on a surplus butterfat basis.

Then came World War II, with a sharp rise in population on the West Coast and postponement of further irrigation development. Between 1940 and 1950 the population of the seven States increased from 11.4 to 16.7 million, or 46 percent. As a result, the increase in use of dairy products went ahead of production in the region, and butter and cheese from the Central States were required regularly. However, during this period the national per capita consumption of dairy products declined about a fifth, owing to less use of butter. Per capita consumption of all dairy products other than butter has been well above the levels prior to World War II, but recent average per capita use of butter has been only a little more than 50 percent of prewar. In the Pacific Slope the per capita consumption of all dairy products was estimated for 1940 at 870 pounds (in whole-milk equivalents) but in 1949 at only 705 pounds. As a result,

even with a 46-percent increase in population, total consumption of dairy products within the region increased during the 1940's to a point only slightly above regional production.

Current and future development of new irrigation projects will result in more feed for more dairy cows. Production of milk on present farms is also likely to increase. What will be the effect on the markets for Western dairy products? Will demand within the region absorb these additions to the supply? Or will surpluses again develop and bring about a drop in local butter prices, below the national market? A still larger population is expected, but future rates of per capita use of dairy products are uncertain.

During 1949 production of milk in the seven States of the Pacific Slope totaled 11.4 billion pounds. Shipments of dairy products into this region amounted to about 1.2 billion pounds, in whole-milk equivalent. This made a total supply of 12.6 billion pounds, of which 90 percent was produced in the region and 10 percent was shipped in. About 0.9 billion pounds, or 7 percent of the total, was shipped offshore through West Coast ports, to Alaska and Hawaii and to foreign countries. Therefore consumption in the region was about 11.7 billion pounds, or only a little more than the 11.4 billion pounds produced.

Future Production and Distribution

Estimates of milk production in the Pacific Slope by 1960 range from a probable minimum of 12.5 billion pounds to a possible maximum of 16.5 billion. These represent the estimated ranges in production from present farm lands, plus probable yields by that year from new irrigation.

Consumption within the region will depend upon population growth and per capita use. In 1950 the population in the seven States was 16.7 millions. Bureau of the Census estimates for 1960 range from 20.5 to 22.8 millions.

The decline in per capita use of butter may not fully have run its course. Also the higher rates of consumption of other dairy products during recent years may be partially associated with current economic conditions and consumer incomes. A further decline below the 705-pound average of 1949 may occur in per capita use. On the other hand, the trend may be reversed. It is assumed that by 1960 consumption in the Pacific Slope will be between 650 and 750 pounds per capita, in whole-milk equivalents.

The 22.8 million persons estimated as the high population, at the upper dairy-product consumption rate of 750 pounds each, would consume 17.1 billion pounds, whole-milk equivalent. The lower population of 20.5 million persons, at only 650 pounds per person, would use 13.3 billion pounds of milk. Adding potential offshore shipments to these quantities, the total disposition would be between 14.1 and 18.1 billion.

The Dairy Balance by 1960

The total ranges of estimated production and disposition of milk in the region by 1960, and the midpoints of each (*billion pounds, whole-milk equivalents*) are as follows:

Production 12.5 to 16.5; midpoint 14.5

Disposition 14.1 to 18.1; midpoint 16.1

Should the region experience low production in combination with high disposition, inshipments would be called upon to supply a sizable deficit of 5.6 billion pounds, whole-milk equivalent. On the other hand, high production and low use would lead to a surplus of 2.4 billion pounds, to be disposed of in outside markets. The midpoints of production and disposition would lead to inshipments of 1.6 billion pounds, not greatly above the 1949 inshipments of 1.2 billion pounds.

Measures of the Dairy Balance

Production in the Region: Annual production of milk on farms and in each state is estimated by the cooperative Crop and Livestock Reporting Service (*Federal and State*). The totals for the seven States comprise the dairy production of the region.

Inshipments: The Pacific Slope is distinctly and quite widely separated from other major dairy-producing districts. The Mountain States and the western part of the Great Plains to the east, have relatively sparse populations, but their dairy production is almost in balance with their requirements. With a few minor exceptions, dairy products move across the eastern borders of Idaho, Utah, and

Arizona very little. Shipments of dairy product to West Coast markets consist mostly of butter and cheese from Mid-western States, in carlots or by long-distance motortrucks. There is some inshipment of miscellaneous dairy products in less-than-carlots or in mixed cars particularly cheese products and evaporated or condensed milk shipped with groceries and canned goods. Inshipments of canned milk are believed to be of minor importance, as the region produces more condensed and evaporated milk than it uses. Likewise inshipments of other miscellaneous dairy products are considered to be extremely small in relation to the total milk supply of the region.

The Production and Marketing Administration, U. S. Department of Agriculture, obtains from the seven transcontinental rail lines a record of the west-bound carlot shipments of butter and cheese that move through intermountain division points. These "passing points" are Whitefish, Missoula, and Deer Lodge, Mont.; Green River, Wyo.; Salt Lake City, Utah; Belen, N. Mex.; and Tucson, Ariz. All of these points are near the border of the 7-State region. With one minor exception, the carlots of butter and cheese passing them represent the entire carlot inshipments into the region. The exception is a few carlots from western Montana, which originate west of the passing points and for which specific information was obtained from shippers.

Motortruck shipments of dairy products into the region are mostly destined for the four major markets of Los Angeles, San Francisco, Portland, and Seattle. PMA obtains records of these receipts by States of origin. The volume of such receipts from States outside the 7-State region are included in the regional supply.

Outshipments: The records of offshore shipments, to United States Territories and to other parts of the United States, were obtained from the U. S. Army Engineers. Exports to foreign countries were obtained from publications of the U. S. Customs Service. There are no indications of rail or truck movement eastward from the 7-State region, other than a very minor fringe movement.

Information is not available as to utilization of milk and other dairy products within States, or as to volume of movement of such products between States. However, general indications of the consumption within states can be obtained from the rate of average per capita use within the region, which in 1949 averaged 705 pounds per person, in whole-milk equivalent.

Idaho had the greatest surplus, with a per capita production nearly three times the average regional consumption. Utah, Oregon, and Washington had moderate surpluses. California, with 63 percent of the region's population, was heavily deficit; it not only drew upon the surplus-producing States of the region for manufactured dairy products; it also received the greater part of the inshipments of butter and cheese from outside the region.

Albert H. Harrington
Washington State College

Wendell Calhoun
Bureau of Agricultural Economics

Outlook Highlights

(Continued from page 10)

The Feed Outlook

The 1952 growing season for feed crops was generally favorable through early June. Feed prices continued near May levels, with corn and sorghum grain a little higher and oats and barley lower.

Wheat Supplies and Prices

With average wheat supply expected for the 1952-53 marketing year, prices to farmers have been declining and are well below loan levels.

Fruits and Vegetables

After July, as supplies of deciduous fruits become seasonally larger, prices may average a little lower than in the summer of 1951. With production of fresh oranges smaller than in 1951, grower prices are ex-

pected to continue at or near June levels . . . Most fresh vegetables probably will continue somewhat higher in price through early summer than a year earlier because of smaller supplies and continued strong demand. Not much change from current price levels is expected for canned and frozen vegetables during 1952.

Potatoes and Sweetpotatoes

Market prices for potatoes have fluctuated widely, following the rapid rise in prices that accompanied the suspension of price ceilings. Sweetpotato prices are expected to drop at least seasonally by September.

Cotton and Wool

The price of cotton increased rather steadily from the last half of May through June as a result of increased textile-mill activity. Wool prices at the Australian auctions during June continued the advance which began in early March and was interrupted by only a slight decline in late May.

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. A average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		June 15, 1951	May 15, 1952	June 15, 1952	Effective parity price June 15, 1952
	Base period price ¹	January 1947-December 1949				
Basic commodities:						
Cotton (pound).....cents..	\$ 12.4	31.22	42.02	36.08	38.02	34.35
Wheat (bushel).....dollars..	\$ 3.84	2.14	2.08	2.13	2.06	2.45
Rice (cwt.).....do.....	1.95	5.38	5.41	5.53	5.60	5.58
Corn (bushel).....do.....	\$ 3.62	1.64	1.62	1.70	1.73	1.78
Peanuts (pound).....cents..	\$ 4.8	10.2	10.8	10.4	10.3	13.3
Designated nonbasic commodities:						
Potatoes (bushel).....dollars..	\$ 1.12	1.60	1.08	2.64	3.10	\$ 1.73
Butterfat in cream (pound).....cents..	26.7	71.2	69.8	71.6	70.5	76.4
All milk, wholesale (100 lb.) ⁶dollars..	1.68	4.42	4.20	4.43	4.36	4.80
Wool (pound).....cents..	20.9	46.0	101.0	51.0	51.8	59.8
Other nonbasic commodities:						
Barley (bushel).....dollars..	\$ 6.19	1.37	1.22	1.28	1.24	\$ 1.45
Cottonseed (ton).....do.....	26.40	71.60	95.60	60.80	61.90	75.50
Flaxseed (bushel).....do.....	1.65	5.54	3.40	3.62	3.67	4.72
Oats (bushel).....do.....	\$ 3.99	.852	.820	.822	.781	\$.944
Rye (bushel).....do.....	.587	1.82	1.60	1.65	1.72	1.68
Sorghum, grain (100 lb.).....do.....	\$ 1.21	2.53	2.16	2.60	2.68	\$ 2.85
Soybeans (bushel).....do.....	1.00	2.84	2.98	2.77	3.02	2.86
Sweetpotatoes (bushel).....do.....	.902	2.36	2.10	4.33	4.35	2.58
Beef cattle (100 lb.).....do.....	7.36	20.20	29.50	27.90	26.70	21.00
All chickens (pound).....cents..	11.3	29.3	28.6	24.3	24.7	32.3
Eggs (dozen).....do.....	\$ 21.5	46.6	44.7	34.2	35.7	\$ 50.7
Hogs (100 lb.).....dollars..	7.49	21.90	20.90	20.00	19.40	21.40
Lambs (100 lb.).....do.....	8.09	21.90	31.70	26.30	25.80	23.10
Veal calves (100 lb.).....do.....	8.21	22.60	33.20	31.20	30.70	23.50
Oranges, on tree (box).....do.....	\$ 2.29	1.23	1.53	1.13	1.35	\$ 3.52
Apples (bushel).....do.....	.991	2.39	1.87	2.84	3.01	2.83
Hay, baled (ton).....do.....	\$ 11.87	22.40	21.60	23.40	21.80	\$ 28.00

¹ Adjusted base period prices 1910-14, based on 120-month average January 1942-December 1951 unless otherwise noted.

² Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.

³ 60-month average, August 1909-July 1914.

⁴ 10-season average 1919-28.

⁵ Transitional parity, 85 percent of parity price computed under formula in use prior to Jan. 1, 1950.

⁶ Prices received by farmers are estimates for the month.

⁷ Preliminary.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39=100) ¹	Total income of industrial workers (1935-39=100) ²	Average earnings of factory workers per worker (1910-14=100)	Wholesale prices of all commodities (1910-14=100) ³	Index numbers of prices paid by farmers (1910-14=100)			Index numbers of prices received by farmers (1910-14=100)			
					Com-modities	Wage rates for hired farm labor ⁴	Com-modities, interest, taxes, and wage rates	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All livestock
1910-14 average..	58	50	100	100	100	100	100	100	100	100	100
1915-19 average..	72	90	152	158	149	147	148	147	153	162	157
1920-24 average..	75	122	221	160	159	181	168	159	163	121	140
1925-29 average..	98	129	232	143	151	184	161	161	155	145	152
1930-34 average..	74	78	179	107	117	121	124	105	94	83	91
1935-39 average..	100	100	199	118	124	121	125	119	108	117	115
1940-44 average..	192	237	315	139	148	211	152	169	145	166	162
1945-49 average..	186	317	431	204	219	407	229	264	213	291	265
1950 average.....	200	369	516	236	246	425	255	247	181	340	278
1951 average.....	220	425	506	263	271	470	281	284	226	411	335
<i>1951</i>											
June.....	221	429	567	265	⁵ 271	-----	282	269	217	422	335
July.....	212	420	560	262	271	475	282	272	222	414	332
August.....	217	426	561	260	271	-----	282	277	231	416	336
September.....	218	429	571	259	271	-----	282	283	247	411	337
October.....	218	425	570	260	272	476	283	294	247	410	340
November.....	219	426	575	260	274	-----	284	305	249	387	332
December.....	218	435	587	260	273	-----	284	314	233	379	328
<i>1952</i>											
January.....	221	429	585	254	275	498	287	316	200	376	320
February.....	222	429	584	253	276	-----	288	317	181	377	317
March.....	220	⁶ 431	586	252	275	-----	288	305	177	372	310
April.....	216	422	578	251	276	510	289	291	180	372	306
May.....	214	-----	-----	251	276	-----	289	281	175	394	313
June.....	-----	-----	-----	-----	273	-----	286	277	181	380	306

Year and month	Index numbers of prices received by farmers (1910-14=100)								Parity ratio ⁶
	Crops							All crops and livestock	
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops	
1910-14 average.....	100	100	100	100	100	100	-----	100	100
1915-19 average.....	193	161	183	175	201	126	-----	171	164
1920-24 average.....	147	125	189	197	155	157	⁷ 152	162	150
1925-29 average.....	141	118	169	150	135	146	145	143	148
1930-34 average.....	70	76	117	77	78	98	104	84	88
1935-39 average.....	94	95	172	87	113	95	95	99	107
1940-44 average.....	123	119	241	138	170	150	164	145	154
1945-49 average.....	222	205	377	240	289	216	206	234	250
1950 average.....	224	187	402	280	276	200	185	232	256
1951 average.....	243	220	436	335	339	193	239	264	302
<i>1951</i>									
June.....	240	217	438	353	358	200	189	263	301
July.....	236	213	438	329	317	175	204	252	294
August.....	234	215	430	291	294	207	181	244	292
September.....	233	216	423	283	288	201	161	239	291
October.....	239	219	445	304	296	188	171	247	296
November.....	249	224	424	345	307	172	249	267	301
December.....	253	233	440	339	309	177	351	280	305
<i>1952</i>									
January.....	251	234	431	325	303	171	337	277	300
February.....	249	230	436	313	296	168	217	259	289
March.....	251	229	435	309	284	176	265	265	288
April.....	250	229	435	313	279	179	308	272	290
May.....	245	227	436	303	280	190	285	270	293
June.....	238	226	437	319	289	220	250	277	292

¹ Federal Reserve Board: represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

² Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay-rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised January 1950. ³ Bureau of Labor Statistics.

⁴ Farm wage rates simple averages of quarterly data, seasonally adjusted. ⁵ Revised.

⁶ Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. ⁷ 1924 only.

Farm Output Could Be Upped A Fifth

(Continued from page 3)

of production. More machines and other equipment and greater quantities of lime, fertilizer, and pesticides would be required.

About 70 percent more commercial fertilizer than was used in 1950 would need to be available at costs that would encourage its use. Cost-price relationships would have to be favorable generally in order to encourage farmers to make the extra effort and to incur the higher costs and the additional risks that are required in high-level production.

The parity ratio projected for this analysis was 105. Moreover, the framework for this study assumed that average weather, favorable cost-price relationships, availability of production goods, and other conditioning factors required to encourage production would begin in 1951 and would be maintained the next 4 or 5 years.

If the projected framework conditions do not materialize, production by 1955 should not be expected to reach the levels that are estimated to be attainable by that time. The occurrence of a prolonged drought, for example, or lower prices for some of the major agricultural commodities, would delay achievement of these attainable levels of production. But these things would not invalidate the analysis. Rather, they would set forward for one or more years the time table for their achievement. The analysis does indicate, however, that largely through adoption of improved practices, American farmers can meet foreseeable demands for farm products "if they are given incentives to produce, if the necessary production goods are available, and if there is sufficient time to make the required adjustments."

Membership on the State committees making the study included production specialists, agricultural economists, extension workers, and other State and Federal workers who were thoroughly familiar with agricultural conditions in the State. Heading the Land Grant College—Department of Agriculture committee in charge of the study was

Sherman E. Johnson, assistant chief of the Bureau of Agricultural Economics.

The study was motivated largely by concern as to the Nation's ability to produce the food and fiber that might be required as our defense program develops. But the results are equally applicable "under favorable demand and cost-price relationships" whether they result from a defense program or from high-level industrial activity for peacetime uses.

Hugh L. Stewart
Bureau of Agricultural Economics

"Year of the Locusts"

Large shipments of insecticidal materials were rushed from the *United States* this spring to the Middle East to aid in this year's *United Nations* battle against the plague of desert locusts, threatening to be one of the worst in 100 years. Other member nations also helped. Aldin and other insecticides are used . . . sprayed from planes, also used in bait to destroy locusts before they multiply and spread to new areas.

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